

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the Matter	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	
	)	
Review of the Definition of Universal Service	)	
	)	
1998 Biennial Regulatory Review – Streamlined	)	CC Docket No. 98-171
Contributor Reporting Requirements Associated	)	
With Administration of Telecommunications	)	
Relay Service, North American Numbering Plan,	)	
Local Number Portability, and Universal Service	)	
Support Mechanisms	)	
	)	
Telecommunications Services for Individuals	)	CC Docket No. 90-571
With Hearing and Speech Disabilities, and the	)	
Americans with Disabilities Act of 1990	)	
	)	
Administration of the North American Numbering	)	CC Docket No. 92-237
Plan and North American Numbering Plan Cost	)	CC Docket No. L-00-72
Recovery Contribution Factor and Fund Size	)	
	)	
Number Resource Optimization	)	CC Docket No. 99-200
	)	
Telephone Number Portability	)	CC Docket No. 95-116

**COMMENTS OF THE IOWA UTILITIES BOARD**

The Iowa Utilities Board (Board) submits these comments regarding the "Public Notice," CC Docket No. 96-45, FCC 01-J-1, released in this docket by the Federal Communications Commission (FCC) on August 21, 2001. The Federal-State Joint Board on Universal Service (Joint Board) released an invitation for comments regarding its review of the definition of supported

services eligible to receive universal service support.<sup>1</sup> The Joint Board seeks comments on what services should be added or removed from the list of core services eligible for federal universal service support and how these services should be defined.

Section 254 (c) (1) of the Telecommunications Act of 1996 (the Act) identifies four definitional criteria the Joint Board and Commission are required to consider under the Act. Commenters should consider which services in question: (1) Are essential to education, public health, or public safety; (2) Have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers; (3) Are being deployed in public telecommunications networks by telecommunications carriers; and (4) Are consistent with the public interest, convenience, and necessity.<sup>2</sup>

The Joint Board seeks comments on the following: The implications of proposed modifications in terms of § 214(e), which requires carriers to offer each of the core services to be eligible for universal service support; The estimate of annual cost of any proposed modifications to the list of core services; The availability of functional substitutes for a service, including the extent to which consumers have access to services in locales other than their own residence, and whether providing support for the service will impact competition in its delivery; And the implications of modifications to the list of core services of ongoing network modernization trends. Commenters are also asked to update

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<sup>1</sup> Currently, eight core services are included in the definition of universal service: Single-party service; voice grade access; tone dialing; access to emergency, operator, interchange and directory assistance services; and toll limitation for qualifying low-income customers.

<sup>2</sup> 47 U.S.C. § 254 © (1) (A) – (D)

the record on the definition of voice grade service, including whether support for a network transmission component of Internet access beyond the existing definition of voice grade access is warranted at this time; Whether there are technical issues involved in modifying the current standard, including factors other than bandwidth which affect modem performance; whether advanced or high-speed services should be included in the list of core services; whether “soft dial tone” or “warm line” services should be included in the list of core services; and whether intrastate or interstate toll services, expanded area service, or prepaid calling plans should be included in the list of support services. In addition, the Board suggests one other question, should N11 services be included in the definition of universal service?

## **DISCUSSION OF ISSUES**

**What services should be added to or removed from the list of core services eligible for federal universal service support and how should these core services be defined? Should Advanced or High Speed services be added to the list of core services? Is support for a network transmission component of Internet access beyond the existing definition of voice grade access warranted at this time?**

On September 13, 2001, the Board held a workshop to solicit input from local exchange service providers regarding the possible modifications to the list of core services eligible for federal universal support and how these services should be defined. The comments the Board received do not support expanding the definition of universal service to include advanced or high speed internet service, at this time.

The Board has the following concerns associated with expanding the definition of universal service to include advanced services or high speed internet service. First, the amount of investment carriers will incur to provide broadband service<sup>3</sup> will be very significant. The NECA Rural Broadband Cost Study estimates \$10.9 billion in up front investment to upgrade rural study area lines in NECA's Common line pool. The \$10.9 billion estimate does not include expenditures on digital subscriber line (DSL) equipment, switch and backbone transport or ongoing maintenance expenditures.<sup>4</sup> This \$10.9 billion estimate covers the cost of upgrading approximately 3.3 million lines or roughly 5% of the loops nationwide.<sup>5</sup> It is evident that expanding the definition of supported services to include advanced services will create a significant burden on carriers, very likely disrupting current business plans.

Modifying the list of core service to include advanced or high speed internet service will substantially increase the size of the universal service fund, if it is not capped. If the fund is capped, adding these services reduces the level of support available for the current list of core services. Neither of these outcomes appear to be in the public interest.

Another area of concern involves the level of consumer demand for advanced services. In February of this year, the General Accounting Office (GAO) released a report indicating the 52% of the survey respondents reported that broadband service was available to them, however, only 12% subscribed to

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<sup>3</sup> Broadband is defined by the FCC as having the capability of supporting a speed in excess of 200 kbps in both directions.

<sup>4</sup> NECA Rural Broadband Cost Study: Summary of Results, p. 2

<sup>5</sup> Id. p. 3-4

the service.<sup>6</sup> The proposal to add advanced services to the list of core services does not meet the criteria established in §254 (c) (1) (b), which states that new services should be considered when a substantial majority of residential customers have subscribed to them.

The report also reflects that nearly 80% of respondents were unwilling to pay more than \$10 over their current monthly charge for high speed internet access.<sup>7</sup> Approximately 75% of respondents indicated the amount they pay to access the internet is less than \$30 per month.<sup>8</sup> Given the limited consumer demand, the Board does not support adding advanced services to the list of core services.

The Board is also concerned that adding advanced or high speed internet service to the list of supported services may also adversely impact the development of alternative technologies designed to provide consumers with high speed internet access. It is the Board's view that advanced services or high speed internet access should be driven by market demands for the near future. The market should guide the integration of telecommunication services, including voice, video, and data, to consumers in the most efficient manner, at least until the technology stabilizes and becomes more cost-effective.

At this time, the Board does not support expanding the current definition of voice grade service to include a network transmission component for internet access.

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<sup>6</sup> U.S. GAO, Report to the Ranking Minority Member, Subcommittee on Telecommunications, Committee on Energy and Commerce, House of Representatives, Characteristics and Choices of Internet Users, GAO-01-345, Feb. 2001, p. 6-7

<sup>7</sup> Id., p.46

The Board does support designating access to public interest N11 services as basic communication services and including these services in the definition of universal service. N11 services might more appropriately be classified as basic communications services along with 911, E911, and dual party relay service (711). The FCC has previously found these N11 services to be imbued with a public interest, such that these dialing arrangements have been assigned nationally for these special purposes. Moreover, it appears these are not services that can be purchased on a competitive basis; if a community information and referral service provider intends to receive all 211 calls in a specific geographic area, for example, it would be required to purchase 211 service from the ILECs, CLECs and wireless carriers serving the territory. If 211 is a nonbasic communications service, then ILECs, CLECs or wireless carriers could charge monopoly or predatory prices for this public service. Under these circumstances, the Board concludes that community expectations and the public interest require that these services be classified by rule as basic communications services. These services (with the exception of 411 services) should be included in the definition of covered services under the Universal Service Fund.

**Should “soft dial tone” or “warm line” services be included within the list of core services?**

The Board received comments at the workshop regarding the addition of “soft dial tone” or “warm line” requirements to the list of core services. Industry participants indicated that “soft dial tone” is currently provided in several areas.

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<sup>8</sup> Id, pp. 45-46

Some providers current switch technology allows a customer whose service has been suspended, but not disconnected, to make the “warm line” calls. These calls are restricted to the 911 PSAP and the connecting company central office.

The Board is aware that some customers cannot afford basic service, even with assistance via Lifeline or Link Up programs. The Board recognizes that access to emergency services (E911) is essential to public health and safety. The Board supports the concept that all customers should have access to emergency services, therefore, it supports adding “soft dial tone” or “warm line” services to the list of core services. The Board also recognizes that this support should be competitively neutral.

## **CONCLUSION**

The Iowa Utilities Board respectfully submits these comments for the FCC's consideration with regard to the expansion of the definition of "universal service."

Respectfully submitted,

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